

Department of Planning and Budget 2016 Fiscal Impact Statement

1. Bill Number: HB858

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Landes

3. Committee: Appropriations

4. Title: Virginia International Trade Authority.

5. Summary: Establishes the Virginia International Trade Authority to promote international trade in the Commonwealth by coordinating private and public efforts to stimulate the international trade segment of the state's economy and marketing products and services. The bill also requires the Authority to provide to the General Assembly by November 1, 2016, a plan for the establishment of a coalition of organizations providing international trade programs and services in the Commonwealth.

6. Budget Amendment Necessary: Yes. A new item would be needed in HB30/SB30 if the intent is to provide state support to establish and operate the authority.

7. Fiscal Impact Estimates: Preliminary, see item 8, below.

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2016			
2017	\$687,605	N/A	General Fund
2018	\$687,605	N/A	General Fund
2019	\$687,605	N/A	General Fund
2020	\$687,605	N/A	General Fund
2021	\$687,605	N/A	General Fund
2022	\$687,605	N/A	General Fund

8. Fiscal Implications: This bill creates the Virginia International Trade Authority as an independent political subdivision of the Commonwealth with the goal to “stimulate the international trade segment of the economy by marketing internationally the Commonwealth's many products and services, by accruing the benefit of international import activities to the Commonwealth and by coordinating other private and public efforts to do the same.”

The bill provides that the Governor shall appoint an Executive Director for the Authority to serve as president and chief executive officer charged with carrying out the duties of the Authority. The bill provides that the Board of Directors of the Authority shall set the salary of the Executive Director. Based on the midpoint of Level I salaries for state agency heads in

Chapter 665, 2015 Acts of Assembly (2015 Appropriations Act), it is anticipated that the cost of the salary and benefits for the Executive Director would be \$235,109; \$178,691 of which would be for salary and \$56,418 would be for benefits based on current state benefit rates.

The bill provides the Executive Director of the Authority with the ability to hire additional employees if the Authority deems it necessary to fulfill the duties of the Authority. Additionally, the bill provides that employees of the Authority will be eligible for participation in the health and related insurance program and other benefit programs available to state employees. It is anticipated that the Authority would require two additional employees in order to fulfill the duties of the authority. It is anticipated that the cost of each employee would be \$100,000; \$70,000 of which would be for salary and \$30,000 would be for associated benefits. The total cost for the two additional employees would be \$200,000 per year.

The bill provides that members of the Board of Directors of the Authority will be reimbursed for reasonable expenses incurred in attendance at meetings. Per § 2.2-2813, Code of Virginia, members would be reimbursed at a rate of \$50 per day plus expenses for each day. The current Department of Accounts per diem rate for the City of Richmond is \$64 per day for meals and incidental travel expenses. Excluding ex officio members, the bill provides for a 12 member board and that the board shall meet at least twice annually. At \$104 per meeting day, for two meetings and 12 board members, it is anticipated that \$2,496 will be required to reimburse board members for reasonable expenditures.

It is also anticipated that the Authority would require \$250,000 annually for travel costs as well as accounting, legal, rent, information technology, and other professional costs in order to successfully carry out the Authority's mission.

This bill does not specify a fund source to support the Authority. If the intent is to provide state support, a budget amendment of at least \$687,605 from the general fund in each year is required to establish the Authority. Additional funding may be needed if additional staff are hired to support the Authority. Further, additional operating funds may be needed in the future as the Authority matures in the fulfillment of its duties.

9. Specific Agency or Political Subdivisions Affected: None.

10. Technical Amendment Necessary: No.

11. Other Comments: The Virginia Economic Development Partnership and the Virginia Tourism Authority also engage in efforts related to promoting international trade within the Commonwealth but are not listed as potential coalition members listed in the second enactment clause of the bill.